



## Legislative Bulletin.....February 6, 2012

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**H.R. 1734** – Civilian Property Realignment Act

### Take-Away Points

#### *Supporting Arguments:*

- The Federal government owns more real property than any other entity in America (900,000 buildings). Republicans have long advocated selling the most wasteful of these properties.
- If this legislation works, these properties could yield millions or billions of dollars to reduce the national debt.

#### *Potential Conservative Concerns:*

- This legislation would lead to new spending (subject to appropriation) of up to \$82 million (over six years) to “decrease the deficit” by selling federal property. Potential savings (likely savings) are not counted in the CBO score because subsequent actions are necessary.
- There is another bill on this subject by Representative Chaffetz ([H.R. 665](#)). This legislation would likely save more money without creating a new governmental commission.
- Most of these wasteful properties have already been identified, and a BRAC style commission may be useful for dealing with issues that are politically sensitive for the Congress to defund, but in this case the problem thus far has been with the regulations in place that prevent the sales.
- Current law requires that any federal real property identified by an agency as having no further use, or serving a purpose that could be satisfied with only a portion of the property, must be screened for use by other agencies prior to its sale. If the property goes unclaimed, it is then screened for homeless use. Any properties remaining at the end of this process are put up for public auction and sold to the highest bidder. This drawn-out disposal procedure can often last multiple years, during which time taxpayers are on the hook for the massive maintenance costs associated with operating these buildings.

## **H.R. 1734 – Civilian Property Realignment Act (Denham, R-CA)**

**Order of Business:** H.R. 1734 is scheduled for considered under a structured rule on Monday, February 6, 2012. The bill shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Transportation and Infrastructure. The rule makes in order only those amendments printed in the Rules Committee report accompanying the resolution. The rule waives all points of order against the amendments printed in the Rules Committee report and provides one motion to recommit with or without instructions.

This legislation has changed significantly since being reported out of committee. Please refer to the most recent [version](#).

**Cost to Taxpayers:** [CBO estimates](#) H.R. 1734 to cost \$68 million from fiscal year 2012-2017 (with an overall authorization for \$82 million).

Specifically the legislation would authorize the appropriation of \$20 million to fund the commission and \$62 million to implement the commission's recommendations. Recommendations of the commission, including sale of high-value property, could not be implemented unless approved in subsequent legislation. Assuming appropriation of the specified amounts, CBO estimates that implementing H.R. 1734 would cost \$3 million in 2012 and \$68 million over the 2012-2017 period.

Potential savings (likely savings) are not counted in the CBO score because subsequent actions are necessary by Congress.

**Summary:** H.R. 1734's purpose is to decrease the deficit by "realigning, consolidating, selling, disposing, and improving the efficiency of Federal buildings and other civilian real property." The bill creates an independent commission, similar to the commission in the BRAC process, known as the Civilian Property Realignment Commission (CPRC) to identify ways for the federal government to reduce its inventory of civilian real property and reduce its costs. The legislation requires Congress to consider the CPRC recommendations and take an up or down vote on the commission's recommendations, which cannot be amended.

### **How the Commission Would Operate:**

#### *Process 1:*

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##### **Step 1 (First 120 days of each year):**

- A. Each federal agency shall submit data to the Office of Management and Budget (OMB) on all Federal civilian real properties owned, leased, or controlled by their agency.
- B. Each federal agency shall also submit recommendations on civilian properties that can be sold for proceeds and operational efficiencies that the government can realize in its operations.

##### **Step 2 (Within 60 days):**

The OMB, with the Administrator of the Commission, shall review their recommendations, and develop utilization standards. They shall apply these utilization

rates to each agency, and to the extent that utilization rates are exceeded, the Director shall recommend realignment, co-location, consolidation or other type of action to improve space allocation.

*Process 2:*

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**Step 1:**

- A. The Commission shall identify opportunities to reduce its inventory.
- B. Within 180 days, the Commission shall identify at least five federal properties valued at over \$500,000,000 to be sold and transmit the list as part of the Commission recommendations.

**Step 2:**

The Commission shall perform an independent analysis of the inventory of federal civilian property and provide recommendations (which are not limited by agency recommendations).

**Step 3:**

Public Hearing.

**Step 4:**

The Commission provides recommendations to the President and makes them public.

**Step 5:**

- A. If the President approves of all of the Commission's recommendations, then they must submit a report to Congress certifying this approval within 30 days of receipt of the recommendations.
  - B. If the President disapproves of some or all of the Commission's recommendations, the Commission would have 30 days to submit a revised list of recommendations to the President.
  - C. If the President approves of the revised recommendations in total, they would be required to submit a report to Congress certifying this approval.
  - D. If the President does not submit a report within 30 days of the receipt of the Commission's original or revised recommendations, then the process terminates for the year.
- In effect, the President can effectively remove any provisions he/she does not like (effectively because they have to terminate the recommendation, but realistically then the Commission would likely not resubmit those portions).

**Step 6:**

Congress shall vote upon on a joint-resolution of approval within 45 days.

**Additional Background:** The federal government owns more real property than any other entity in America: 900,000 buildings and structures covering 3.38 billion square feet. According to a February 10, 2011, Government Accountability Office [report](#), 24 federal agencies identified

45,190 underutilized buildings that cost \$1.66 billion annually to operate (here's an example relatively close by: [Old Post Office](#)).

The sale of excess federal real property is included in Citizens Against Government Waste (CAGW)'s [2011 Prime Cuts](#), a compendium of 691 recommendations that would save taxpayers \$391.9 billion in the first year and \$1.8 trillion over five years. Specifically, CAGW's Prime Cuts estimates that the sale of excess federal real property could save taxpayers at least \$3 billion in the first year and \$15 billion over five years.

President Obama included in his February 14, 2011, budget proposal a plan to dispose of federal civilian real property, which the administration reported would yield \$16 billion in savings between 2013 and 2017. However, according to a June 27, 2011 [letter](#) from the Congressional Budget Office (CBO), the administration's proposal would actually cost the government millions of dollars. Because the President's plan would leave the current convoluted disposal process in place, the CBO estimates that only 1 percent of the 14,000 properties identified by the administration would actually be sold, largely because many would be transferred to other public agencies or demolished.

**Administration Position:** No statement has been released.

**Does the Bill Expand the Size and Scope of the Federal Government?:** The legislation creates a new commission with expanded powers; however, it could lead to major reductions in federal ownership of property thus decreasing the size of the Federal Government.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** No.

**Constitutional Authority:** According to the sponsor:

“Article I, Section 8 of the United States Constitution, specifically Clause 1 (relating to providing for the general welfare of the United States) and Clause 18 (relating to the power to make all laws necessary and proper for carrying out the powers vested in Congress) and clause 17 (relating to authority over the district as the seat of government), and Article IV, Section 3, Clause 2 (relating to the power of Congress to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States).”

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